

**GOVERNMENT THAT WORKS!  
NEW JERSEY DEPARTMENT OF THE TREASURY  
LOCAL GOVERNMENT BUDGET REVIEW  
BOROUGH OF RUTHERFORD**

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## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Borough of Rutherford Budget Review Team***

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to making State government leaner, smarter, and more responsive, by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board.

Government on all levels must stop thinking that more money is the solution to their problems, and start examining how they spend the money they have now. The State's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs -- and the property taxes that pay for them--have been rising steadily over the last decade. Until now, the State has never worked with towns to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government Budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the state.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The teams will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally, the teams will note where local governments are utilizing "Best Practices" -- innovative ideas that deserve recognition and that other municipalities may want to emulate.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

## **EXECUTIVE SUMMARY**

The introduction to the report acknowledges the aggressive efforts already taken to try to control the municipal tax rate as well as the adverse affect of the decline in the size of the tax base. Nearly 25 percent of the increase in the municipal tax rate has been due to the loss of property values.

Section One, “The Unique Best Practices of the Borough of Rutherford,” identifies five initiatives. They are the fact that the municipal and school district offices are located in the same building, the joint composting site, the successful request for proposals for banking services, the optimal use of computer hardware and software and the creation of the Rutherford Junior Council.

Section Two, “Opportunities for Constructive Change in Rutherford,” contains approximately 59 recommendations to further control the tax rate or improve the value of the public expenditures that must be made. The suggestions range from improving customer services through modifications to office hours to reducing excess staff in selected departments.

Specifically, it is recommended that consideration be given to establishing a nepotism policy statement, revising the wage continuation pay policy and designating a borough safety officer. Several recommendations are made regarding labor and compensation policies, some of which will require modifications to the existing collective bargaining agreements before they can be implemented.

The opportunity to cross train existing personnel to enhance local code enforcement is identified as well as the need to update fee schedule for all construction permits and fire safety inspections. It is also recommended that Rutherford take the lead in establishing a consolidated inspection office with one or more of it neighboring communities.

The need for a new public works facility is identified as a necessary precursor to reducing the size of the public works staff. Overall it is recommended that a total of 13 positions be eliminated in the department as changes are made to scheduling and service delivery procedures.

Making optimal use of police officers is identified as a useful mechanism for increasing the level of police coverage while at the same time reducing the annual expense for salaries and wages. Specifically, it is recommended that civilian dispatchers be hired and that the department move to a “5-2, 5-2” work schedule. It is also suggested that consideration be given to filing the necessary petition to place officers and their supervisors in different collective bargaining units.

Rutherford has the opportunity to transfer its general assistance program to the county thereby reducing the local expense by approximately \$55,000. It also has an opportunity to improve the value of the expenditure or reduce the budget for the cost of the public

health nurses. Similarly, it is recommended that improved cost accounting procedures be developed for each municipal recreation program so that an accurate assessment can be made of the fee schedules and the annual allocation of tax dollars.

Administratively, it is recommended that some minor additions be made to the list of audit schedules to provide additional information to the council and staff every year. It is also recommended that the responsibility for supervision and management of purchasing be formally transferred from the Finance Officer to the Borough Administrator. This is consistent with the existing chain of command and it will help to improve an already strong internal control program.

Because the municipal and school administrations are located in the same building there are several future options for both agencies to consider. These include cooperative arrangements for the repair and maintenance of facilities, consolidated grounds maintenance, a joint purchasing and payroll system and mutual appointment of professionals such as the auditor and labor counsel.

Last, the team recommended that the State of New Jersey consider revising the definition of authorized court costs to include the direct personnel cost for officers required to appear in municipal court.

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID AND THE  
MUNICIPAL TAX RATE WITH THE RECOMMENDED CHANGES IN THE  
BOROUGH OF RUTHERFORD**

**RECURRING COST REDUCTIONS AND REVENUE ENHANCEMENTS**

Revise procedures for the payment of unused sick leave upon retirements	\$60,745
Revise the sick leave incentive program	To be determined
Standardize the length of the work week	To be determined
Clarify procedures and reporting regarding reimbursements from retirees for health benefits	To be determined
Adjust the fee schedule for all construction permits	\$25,000
Consolidate code inspection offices	To be determined
Revise fire safety fee schedule	To be determined
Reduce the size of the public works staff to 38 full time positions as a result of:	
Improved control of sick leave	
Revised scheduling of recurring services	
Enhanced vehicle maintenance	
Modified schedule for street sweeping	
Consolidation of custodial functions	
Consolidation of shade tree and field maintenance	
Elimination of one administrative position	\$611,017
Reduce police overtime	\$ 44,920
Change base police schedule to "5-2, 5-2"	\$251,604
Transfer General Assistance program to the county	\$55,800
Contract public health nursing services	To be determined
Revise fee and charges for municipal recreation programs	To be determined

Pursue consolidation and cooperation with the Board of Education in the following areas:

Custodial services

Grounds maintenance

Purchasing

Payroll

Banking services

Appointment of Professionals

Benefits administration

To be determined

**IDENTIFIED TOTAL**

**\$1,049,086**

**Total amount to be Raised for Municipal Tax - 1996**

**\$10,629,834**

**Savings as a percent of municipal tax**

**10%**

**Total Budget - 1996**

**\$16,524,689**

**Savings as a percent of budget**

**6%**

**Total state aid - 1996**

**\$ 2,250,686**

**Recurring savings as a percent of state aid**

**47%**

## INTRODUCTION

Rutherford is a community that has been aggressive in its efforts to control the municipal property tax. The Council and executive staff have implemented changes in the delivery of some services to achieve greater fiscal efficiencies and contracted the delivery of other services to reduce their cost. They have also reduced and reorganized portions of the staff. Many of the actions taken on behalf of the taxpayer are being countered or nullified by a decline in the value of the tax base, a significant dollar volume in tax appeals, an aging housing stock and a somewhat stagnated business and commercial sector.

In 1989 the municipal property tax rate was \$.74 per \$100 of assessed valuation. This represented approximately 39% of the property tax burden. By 1995 the municipal rate was up 19 cents to \$.931 per \$100 assessed valuation. This is roughly equivalent to a 22 percent increase in municipal taxes. The municipal tax still represented about one-third of the total property tax burden. This indicates that the school and county tax rates increased also.

Not all of the municipal tax increase is the result of discretionary spending or even additional governmental expense. During the same period the value of the tax base dropped by approximately \$72,760,000. Using the 1989 municipal tax rate this is equivalent to a \$538,425 loss in revenue. Comparing this to 1995, when the assessed valuation was \$1,213,748,714, the municipal tax rate had to be approximately 4.44 cents higher simply to generate the same amount of tax revenue. Nearly 25 percent of the increase in the municipal tax was due to the loss of property values.

In addition to the burden generated by the loss of property value, the consumer price index for the New York-Northern New Jersey Area (CPI-U) increased from 127.0 in January 1989 to 159.9 in January 1995, which was a 25.9 percent increase. Of the seven factors that comprise the consumer price index, the two components rising the most were measures of health care costs. At least 40 percent of the increase in the CPI-U was attributable to these two factors. This suggests the Borough had to absorb a major portion of the impact from the increase in the cost of living in its budget because of the health insurance benefit provided to full time employees.

The impact of the cost of health care as measured by the components of the consumers price index and the impact of the decreased tax base are two factors that clearly contributed to the rise in the municipal tax rate even though they are clearly beyond the immediate control of the Mayor and Council. As discussed in the report, the pressure resulting from a decline in the value of the tax base is far from over.

Notwithstanding these external pressures, the second section of the report, "Opportunities for Constructive Change in Rutherford," contains recommendations that are intended to help the governing body and the executive staff continue to control the municipal tax rate. Several recommendations contains strategies for improving the value of the expenditures being made.

It is important to point out that, particularly in this report, the recommendations being made by the local government budget review team are not corrections per se. In nearly every case they are suggestions on how to amend a policy, reorganize staffing or change the approach to the delivery of a service in order to reduce the cost of government. The first group are general recommendations that do not readily lend themselves to being categorized. The remainder of the recommendations are grouped by category or department.

The third section of every local government budget review report discusses potential changes in state regulations and statutes that are intended to make it easier for local elected leaders to be responsive to the taxpayers. An integral part of the mission of the local government budget review program is to solicit suggestions for change in state procedures. To date over 75 topics have been identified and discussed in the reports presented to over 30 public agencies. Several substantive changes have already been implemented. The “section three” recommendation in this report focuses on the basis for determining the amount set for court costs that are assessed against those found guilty in a municipal court.

The need to identify and facilitate constructive change in local and state government is one of the reasons why the local government budget review program was initiated approximately three years ago. Yet at the same time there are great many outstanding methods already being used to serve the taxpayers. The best practices that the review teams have seen that are relatively unique have been documented in the first section of each local government budget review report. All of the unique best practices identified during the first 24 months of the local government review program are discussed in detail in the Achieving Excellence report published in October, 1996.

In the case of the Borough of Rutherford the fact that the municipal administration and the school district offices are located in the same building is recognized as a best practice. The optimal use of computer hardware and software is noted, particularly in the office of the municipal clerk. In addition, the formation of the Junior Council, the ongoing joint composting site and the recent publication of a request for proposals for banking services are identified as unique best practices.

The review of the Borough of Rutherford was undertaken at the same time a review of the Rutherford School District was initiated. The simultaneous review enabled each review team to focus on the possibilities for enhanced cooperation that will yield a savings for either the municipality or the school district which in turn should lead to a lower overall tax rate. Here again, it is important to note the fact that a recommendation is made for one agency to host a service does not mean that the other agency was providing the service improperly or ineffectively. It simply means that there may be an opportunity to save money through greater economies of scale or the elimination of a repetitious procedure.

It is to the credit of the elected leaders and the executive staff of the school district and the municipality that the request for a comprehensive assessment of their agencies was initiated. It is yet another indication of their desire to be responsive to the juxtaposition created by the demand for more and better services while at the same time controlling or reducing the tax rate.

Where possible the potential fiscal impact of a proposed change is provided in the body of the report. The executive summary contains a listing of the fiscal impacts. To be sure the entire impact can not be achieved in a short time or even in one year. In many cases the positive fiscal impact will not be felt until a new approach has been in effect for a year or more.

## SECTION ONE

### THE UNIQUE BEST PRACTICES OF THE BOROUGH OF RUTHERFORD

**Co-Located Administrative Offices.** The administrations of the borough and the board of education are located in the same building. Not only does this make optimal use of an older school building, the congenial and cooperative attitude between agencies is readily apparent. Neither the school or the municipal review team found any indication of scheduling conflicts or any other impediment to the arrangement.

Given the large capital cost associated with the construction of school offices or a new municipal hall, as well as the costs to operate and maintain facilities, it can be in the best interest of the taxpayer to co-locate these agencies. Due to the age of the public infrastructure in New Jersey, the need to address the renovation of public buildings appears to be steadily increasing. As this occurs the opportunity to reduce capital and operating costs should not be overlooked, particularly when the tax base of the school district and the municipality are essentially the same.

**Joint Composting Site.** The operation and maintenance of a joint composting site in conjunction with Clifton is one of several inter-local agreements in which Rutherford is a partner. The extensive amount of cooperation between agencies is a best practice in itself.

In the case of the composting site one municipality provides the site while the other provides the heavy equipment and personnel needed to maintain the compost. This relatively simple arrangement minimizes the use of land which is not on the tax roll by having one site used by two municipalities. It also provides a service to two communities without incurring redundant capital and operating costs.

Review teams have found that the timely disposal of leaves is one of the most difficult tasks to accomplish due to adverse weather and the need to continue delivering other operational services. The problems associated with this service will probably never be eliminated completely. In addition, review teams have found that the unit price for disposal of leaves can be quite expensive. Creating a multi-agency composting site can do much to reduce if not totally eliminate the disposal costs, reduce the work time lost to delivering collected materials to a distant site, and creating much needed mulch and topsoil for the two communities.

**Request For Proposals For Banking Services.** The Borough solicited proposals from area banks prior to adopting the annual resolution designating the official depositories of the municipality. At least three comprehensive proposals were received. This process permitted the Borough to take advantage of the highly competitive banking industry on behalf of the taxpayers. It also helped to establish an objective set of business criteria upon which to base the selection of official depositories. It is frequently to the advantage

of a bank to have the accounts of one or more public agencies in its portfolio. Given this, it is in the best interest of the taxpayer to insure that the selection of depositories is a conscious decision based upon competitive business principals as opposed to being just one more resolution at a lengthy reorganization meeting.

While competitive bidding of banking services should be nothing more than a standard business practice, it is not common for municipalities and school districts to do this. As such, it is a unique practice that deserves to be copied throughout the state.

**The Optimal Use of Computer Hardware and Software.** It is common for review teams to find desktop computers in nearly every municipal agency. Unfortunately, it has been equally common to find that the hardware and software is not being used effectively. The three most common causes of this appear to be (1) a lack of training for staff members, (2) insufficient time to make the transition to computerized work or integrate the computer into the work process, and (3) a general disdain, fear or distrust of technology and having to make a change in work routines.

In general, the review team did not find this to be the case in the offices of the Borough of Rutherford. To the contrary, there appeared to be considerable initiative, particularly in the office of the municipal clerk, to optimize the use of the computer in the work place.

The preponderance of clerical work done in a municipality is predicated upon the collection, recording and subsequent use of information. As a result, many of the simplest technologies are often the most effective. It is in the best interest of all municipalities to insure that the initial and any subsequent update training for hardware and software is satisfactory. It is also in their best interest to encourage and facilitate modifications to work place procedures to maximize the storage capability and utility of computerized information.

**The Rutherford Junior Council.** The junior council is a mirror image of the governing body. It is composed of high school students who have an interest in municipal government. The group meets every two to three weeks to discuss a variety of issues, however they focus on issues affecting the youth of the community. The junior council are provided an opportunity to present their recommendations to the Mayor and council at regular meetings.

An effective communication link with the youth of a community is an invaluable asset for every local government. In addition, providing even a small number of youth an opportunity to form their own opinions and participate in the local governmental process helps to insure that an important set of opinions are heard by the community leaders.

## SECTION TWO

### OPPORTUNITIES FOR CONSTRUCTIVE CHANGE IN RUTHERFORD

#### GENERAL COMMENTS AND RECOMMENDATIONS

**Public Service & Communication.** As noted in the introduction, the governing body of Rutherford has initiated a number of changes to minimize the municipal tax rate. None of these decisions were easy nor were all of them popular. This is particularly true among the staff who had become used to certain work patterns and routines. The reduction in staffing does not mitigate the responsibility of everyone working for the borough to be mindful of their responsibility and obligation to the taxpayer.

During the course of the field work members of the review team observed that some offices were not always open to the public during the established business hours. There will always be the unusual circumstances such as unexpected illnesses or special training that prevents the regular staff from being present. There are also circumstances when inspectors must be in the field to complete their work satisfactorily. The office closings that the review team observed did not fit either of these categories.

**On the occasions when the regular staff cannot keep an office open that routinely has walk in business, such as the tax collection office, it is recommended (# 1) that every effort be made to provide a temporary substitute from among the existing borough hall staff.** A substitute may not be able to complete some of the technical tasks of the office but the public can be accommodated as they deliver their tax payment and receive their payment receipts. In addition the public would not suffer the frustration or indignity of having wasted a trip to their borough hall. The value of positive customer relations cannot be underestimated.

Similarly, **it is recommended (# 2) that consideration be given to modifying the days and hours of operation for the municipal library to better reflect the needs and preferences of their clientele.** The library is often closed on days when school is not in session. **It is further recommended (#2.A) that the library consider implementing the sponsorship program conducted by the Bloomfield Municipal Library.** In Bloomfield, individuals, businesses and associations sponsor an additional day of operation through a donation to the library. This strategy improves the quality of the public service without increasing the burden borne by the taxpayer.

**In the interim it is recommended (#2.B) that the library board consider a delayed opening one or two days per week in order to afford longer evening hours.** Review teams are finding that many libraries are delaying their opening until 11:00 a.m. or noon in exchange for longer evening or weekend hours. Unlike tax collections which is one

function within a larger building, the municipal library is a separate facility that can and should gear its hours of operation to its clientele.

**Annual Goals & Objectives.** Directly related to the matter of public service and communication, is the measurement of performance objectives. Rutherford was the first municipality visited by a review team where every major department prepared a written report on its activity for the year. Rutherford was also the first municipality where it was evident that considerable research had been done on comparable services and market prices.

**It is recommended (#3) that the municipality consolidate the departmental reports into a municipal report and make it available to the public.** It is an excellent tool to give the public an idea about the magnitude and scope of the services being provided. This document may also prove to be beneficial as the newly created business improvement district begins the task of recruiting new businesses into the downtown area.

Upon development of an annual report, **it is further recommended (#3.A) that consideration be given to adopting an annual statement of goals and objectives for each of the major service delivery departments.** While the final authority for determining the priorities and course of action for the Borough clearly rests with the council and the administrator it may be beneficial to consider having one or more simple staff retreats with the department heads to discuss goals, objectives and solutions.

When this process is undertaken **it is also recommended (#3.B) that clearly established parameters for the use of goals and objectives be adopted to avoid their misuse and misinterpretation.** If the staff believes they work in an environment where there is little tolerance or understanding, then a sense of self-preservation will motivate them to try to limit the goals and objectives to easily attainable outcomes. The willingness to reach for higher levels of performance and better levels of public service through the pursuit of far reaching goals and objectives is contingent upon an understanding that persistent, aggressive and documented pursuit of the goal is an acceptable level of conduct. Simply stated, given legitimate cooperation and substantive effort, the existence of a zero defects mentality is counterproductive.

**Employment and Labor Policies.** The changing character of the Borough of Rutherford as well as the tenets of equal access to public sector employment opportunities makes it imperative for Rutherford to consider and adopt some additional labor and employment policies. The fact that the Borough is part of the civil service system in New Jersey does not alleviate the need to adopt local labor and employment policies and procedures. It should also be recognized that some labor and employment policy statements will have to be considered as a goal or an objective until the municipality's labor agreements can be negotiated to conform.

Outlined below are 11 policy issues or practices that deserve to be addressed. Implementing them should engender a greater sense of equity among the municipal

employees and it should also enhance the value of the personnel expenditures being made on behalf of the taxpayers.

**1. Nepotism.** It is recommended (#4) that the Rutherford council adopt a local ordinance preventing nepotism in the appointment of all professionals and the employment of all personnel. To be effective such an ordinance must outline the level or degree of relationship that will not be permitted. It should have a grandfather clause to protect existing employees and appointees for their current term only.

**2. Wage Continuation Pay.** During an employees' tenure with the Borough they are covered by workers compensation insurance. When an employee is out of work due to an injury that occurred on the job the Borough provides 100 percent of the difference between the worker's compensation insurance payment and the worker's salary for a period ranging from 90 days to one full year. This is commonly referred to as wage continuation pay.

There are times when wage continuation pay is appropriate, particularly when an employee was using all of the required safety equipment and proper safety procedures were being utilized when an injury occurred. Yet on the other hand, there may be occasions where the lost work time was due to the carelessness and/or indifference of the employee.

**It is recommended (# 5) that Rutherford establish the following safety policies and procedures in lieu of the automatic wage continuation pay:**

A. Designate a Borough Safety Officer. It should be the responsibility of the borough safety officer to investigate all on the job incidents or accidents involving lost work time to ascertain whether proper safety procedures were being followed and/or whether safety equipment was being worn. It is not uncommon to have a senior police officer assume this responsibility as an additional duty.

B. Require that the report of the safety officer be submitted to the administrator prior to authorizing wage continuation pay.

C. Limit wage continuation pay to those scenarios where there was no fault or error on the part of the employee or the employee was following unsafe procedures at the direction of their supervisor. The latter scenario should result in the suspension of the supervisor.

D. Limit wage continuation pay to 30 days beyond the date of the injury unless an extension is affirmatively granted through the adoption of a resolution by the governing body.

The proposed procedures establishes clear guidelines for insuring the welfare of the employee while simultaneously encouraging maximum consideration of safety rules and regulations.

**3. The Documented Basis for Merit Raises.** Some full-time and part-time employees of the borough who are not covered by collective bargaining agreements are eligible to receive merit raises. The review team was not able to ascertain whether merit raises are based upon written performance evaluations. **It is recommended (# 6) that the governing body establish a written policy stipulating that all merit raises to borough employees, to include the affiliated organizations such as the library, must be predicated upon an evaluation system that includes written performance appraisals.**

**4. The Basis for Longevity Pay.** The PBA contract is the only one of the four collective bargaining agreements in Rutherford that still requires longevity payments to be based upon a percentage of the base pay. If the borough chooses to reward the length of service of an employee then the level of base pay should have nothing to do with the size of the longevity payment. **It is recommended (#7) that the governing body adopt a formal policy statement that all longevity pay to employees of the Borough of Rutherford shall be a fixed amount based solely on the number of years of service.** Had this policy been in place during 1995 the borough would have saved approximately \$66,960 in longevity payments. This estimate is based upon the highest longevity scale in use at the time.

**5. The Consistency of Longevity Pay Between Employees.** The longevity payment schedules in the collective bargaining agreements are not the same. Here again, the type of position held should have no bearing on the amount of longevity pay, particularly since the borough has not experienced trouble with employee turnover or filling vacant positions. To be sure, the autonomy of each collective bargaining agreement must be respected, but this does not preclude the governing body from adopting a policy or goal statement regarding longevity pay. **It is recommended (# 8) that the governing body adopt a formal policy statement stipulating the desired longevity scale for all employees.** Part of this discussion should be whether there is a need to continue longevity pay at all.

**6. Payments for Unused Sick Leave.** The PBA contract is the only collective bargaining agreement that does not contain a fixed cap on the amount that can be paid to a retiring employee. The cap on all other retirees is \$7,500 regardless of how much sick leave has been accumulated. In 1996 two police officers retired from the borough at a cost of \$75,744. Had the \$7,500 cap been in place the borough would have saved approximately \$60,745.

**It is recommended (# 9) that the governing body adopt a formal policy statement stipulating that the maximum permitted payment to a retiree for unused sick leave shall be \$7,500. It is further recommended (#9.A) that a formula or schedule be established based upon an inverse relationship between the amount of sick leave**

**used and the size of the actual payment.** The utilization of the inverse schedule will insure that the largest payments go to employees who have worked the most for the borough.

**7. Collapsing Holiday Pay Into Base Pay.** Police officers nearing the end of their career have the option of rolling their holiday pay into their base pay. This causes additional hidden costs for the borough in the form of increased pension payments for an indefinite number of years. It also artificially raises the amount paid to an officer upon retirement for unused vacation and sick leave. Given the existing regulations of the Police and Fire Retirement System, **it is recommended (# 10) that the borough eliminate the practice of permitting holiday pay to be rolled into base pay at the earliest possible opportunity.**

**8. The Use of Sick Leave.** The utilization of sick leave in the police department and the public works department was significantly higher in Rutherford than in most other departments studied by a local government budget review team. The team did not identify any factor or cause for the excessive absenteeism, other than an apparent lack of commitment to their work. A significant amount of the absenteeism occurs in one or two day increments, quite often in conjunction with a vacation or a holiday.

In the case of the police department the sick leave incentive program does not appear to have had the desired affect of improving the attendance of those who do not display a strong work ethic. Of the \$75,744 sick leave payment made to two retiring police officers that was previously described, approximately \$23,000 could be attributed to the additional sick days that were awarded to them. **It is recommended (# 11) that the borough eliminate the incentive program and focus its attention on enforcing the established sick leave policies.**

**It is also recommended (# 11.A) that all employees be required to document their absence due to illness when it occurs immediately before or after a vacation or holiday and when it lasts longer than two consecutive days. It is further recommended (# 11.B) that all employees be required to document their absence for every sick day used in excess of 50 percent of the annual allocation.** Employees who are ill certainly or who have family members who are ill deserve the opportunity to take sick leave. It is equally certain that employees who use sick leave to cover other reasons for their absence do not deserve to be retained.

**9. The Standard Work Period.** The fact that the starting and ending time of the work day will vary between the various departments of the borough appears to be diverting attention away from the fact that there is a difference in the number of scheduled hours of work.

The office and clerical staff are scheduled eight hours per day, but the actual work time is about 6.5 hours per day. The balance of time is used for 30 minutes of compensated breaks and the lunch hour. This is equivalent to 32.5 hours per week or 1,690 hours per

year. Police officers are scheduled for an eight hour day and are available for duty during the entire shift even if they are on a meal break. However, each officer works one less shift every two weeks because of the “5-2, 5-3” schedule. This rotation yields a maximum of 1,947 work hours per year. The department heads are also scheduled for an eight hour day that includes a one hour lunch break. This yields 35 productive work hours per week or approximately 1,820 hours per year.

**It is recommended (# 12) that the governing body establish a formal written policy establishing the length of the work day, exclusive of meal breaks, and the total hours scheduled per year for all employees of the borough.** The special provisions of the Fair Labor Standards Act will have to be considered as these standards are set for police personnel. A 7.5 hour day will yield 37.5 hours per week and approximately 1,950 hours per year while an 8 hour day will yield a 40 hour week and approximately 2,080 hours per year.

Normally an increase in the number of hours worked would necessitate an adjustment in the annual rate of pay. Based upon comparisons with other private and public sector employers in the area there is no valid need to increase the annual rates of pay even for the additional hours worked.

**10. Eligibility for Health Benefits Upon Retirement.** Each of the collective bargaining agreements stipulate the conditions and terms when the borough will pay the health insurance premiums for retirees. In general the contracts stipulate that the employee has “provided twenty-five (25) years of service to the Borough,” the coverage will end at age 65, and no coverage will be provided when “the employee or spouse has coverage through another medical plan.” Each of the contracts specify a maximum amount the borough shall be required to pay per year per retiree. The annual amount ranges from \$600 to \$1,500.

It appears that approximately 20 retirees who do not meet the basic eligibility criteria are receiving health benefits. It also appears that the amount paid per year is exceeding the stipulated amount in each of the contracts. The team found nothing to indicate that the language in the contract had changed or that a separate standard was applicable to employees retiring before a specified date.

If this is not the case and the retirees are reimbursing the borough for the expense above the contracted amount, then these non-tax revenues were not listed separately in the audit. The expenditure in excess of the contracted amounts appears to be at least \$42,000. It may be as high as \$110,000 per year.

Given the magnitude of this expense **it is recommended (# 13) that one or more of the following actions be taken:**

A. Review the eligibility criteria of all retirees.

B. The borough should formally announce its intent to apply the clear language of the collective bargaining agreements. This will be particularly important if the detailed review does uncover ineligible recipients of the benefit. Presumably sufficient time would be provided prior to the effective date to give retirees sufficient time to make the necessary adjustments.

C. Establish a separate account for payments received for benefits to permit sound management, control and authority.

**11. Employee Hand Book.** The existence of collective bargaining agreements and specific borough ordinances does not preclude the need for a basic handbook outlining the borough's policies regarding absenteeism, employee ethics, payroll reporting procedures, etc. **It is recommended (# 14) that an employee hand book be prepared and distributed to all personnel.** Upon receipt and review of the book **it is further recommended (# 14.A) that all employees be required to sign a statement indicating they have received the book and agree to comply with the terms and conditions stated in it.** The same procedures should be used to distribute updates to the handbook.

## CONSTRUCTION CODE, INSPECTION AND ENFORCEMENT SERVICES

The borough construction office consists of two full-time positions and four part time inspectors. All four of the part time and one of the full time positions are filled with personnel licensed to conduct inspections in one or more components of the construction codes. The remaining full time positions is the secretary for the office. The borough also maintains a separate code enforcement position and two full time fire safety positions. These positions are supported by one secretary. Inspection and enforcement of the health and sanitation regulations is completed by two personnel in the health department who are also supported by one clerical position.

**The Construction Office.** The operation of the construction office which is responsible for issuing building, electrical, plumbing and elevator permits and conducting the related inspections, should be financially self supporting. This is not the case in Rutherford, particularly when the cost of benefits and other overhead is considered.

In order for the office to be self supporting it would have to collect at least \$25,000 more than it did in 1995. Many of the fees listed in the permits and inspection schedule have not been updated for six or more years. Accordingly, **it is recommended (# 15) that the borough update the fee schedule for all of the construction office functions.**

It is important to note that updating the fee schedule will probably not provide a permanent solution to the identified problem. Given the very high percentage of developed land within the borough, there is going to be very little new construction activity. A decline in remodeling and renovation activity would create a paradox where the borough is obligated to provide a service but that service cannot generate sufficient revenues to cover the associated costs. Rutherford is not the only community that is likely to encounter this dilemma.

Middletown Township, Keansburg and Atlantic Highlands have resolved this issue by establishing one centralized inspection office through an inter-local agreement. Permit applications are still submitted and issued through the local borough hall in each community. All inspections are scheduled and completed by the Middletown staff. A condition to implementing this arrangement was that the participating communities had to adopt the same fee schedule. Approximately 75 percent of the permit revenue is turned over to Middletown by Keansburg and Atlantic Highlands. The reduction in their net revenue is more than offset by the reduction in their inspection expenses.

**It is recommended (#16) that Rutherford take the lead in establishing a consolidated inspection office with one or more of its neighboring communities.** In addition to making better use of the qualified inspection personnel this strategy should provide a reasonable level of protection from variation in the volume of permit activity and the likelihood of expenses exceeding revenues.

**Local Code Enforcement.** The borough has a number of ordinances on its books to maintain the quality, character, cleanliness and visual integrity of the community. Based upon comments made during several interviews and a summary analysis of the case load, it appears that the borough is forced to resort to issuing complaints in order to obtain the cooperation of the resident or business owner. In effect the tenor of the work changed from encouraging voluntary compliance to formal enforcement. Where in the past a verbal request or a simple letter was sufficient to resolve most matters, the code enforcement officer is forced to move more cases onto the municipal court docket to obtain minimal compliance.

**It is recommended (# 17) that the borough cross train both the health and fire safety personnel to be local code enforcement officers. It is further recommended (# 17.A) that the annual training syllabus for the patrol division of the police department include a review of the local code ordinances** so that they can spot and report violations. The specialized training and state certification of the fire safety, sanitary inspectors and police officers does not preclude them from taking an active part in the enforcement of local ordinances.

**Special Issues.** A specific zoning and code enforcement issue identified as a major problem in other communities visited by local review teams appears to be developing in Rutherford. That issue is the growth in the number of illegal apartments in basements, attics and large residences. This can be very difficult to prevent unless a citizen files a complaint or a tragedy occurs. These are not viable alternatives to insuring compliance with local ordinances.

Rutherford has adopted an ordinance to permit seniors who are living by themselves to house one border without being in violation of the zoning ordinance. Very few applications have been filed to take advantage of this opportunity. **It is recommended (# 18) that a concerted effort be made to inform the senior community of the local ordinance. It is also recommended (# 18.A) that the application process be shortened and simplified as much as possible.** If possible, applications should be made available in the library, local churches and synagogues and other established gathering places for the elderly.

This alone will not eliminate the problem of illegal apartments but it may provide some residents with an acceptable alternative. It appears that limited financial capabilities are the most common motivation to offer or accept the use of an illegal apartment. **It is recommended (# 19) that the borough use every reasonable resource to identify potentially illegal dwellings and inspect them.**

The school district could be a considerable help to the borough on this matter. Members of the staff in the Office of the Attorney General indicate that registration records and other general data commonly requested by a school district from a parent or guardian is not necessarily confidential. The re-registration data for all students attending the

Rutherford Schools may prove to be useful as the borough works to eliminate illegal and/or unsafe housing arrangements.

The City of Ventnor City and other municipalities have adopted property maintenance codes and zoning provisions that authorize an annual inspection of every residence. The personnel assigned to conduct these inspections vary from city to city. They include volunteer fire fighters, paid fire fighters, subcode inspectors, teachers hired during the summer and uniformed police.

**Fire Safety.** The administration and field inspections of the fire safety office are expected to be financially self supporting just like the construction office. In 1995 the sum of all direct and indirect expenses exceeded revenues by roughly \$75,000.

**It is recommended (# 20) that the outdated fire safety fee schedule be updated,** although this adjustment is not likely to completely resolve the deficit. Given the existence of two full time positions **it is also recommended (# 21) that consideration must be given to one or more of the following options to lower the total cost or increase the value of the public service:**

A. Contract with one or more municipalities to perform fire safety inspections.

An analogy may be drawn to the dilemma described regarding the volume of activity in the in the construction code office. To insure optimal value of the public expenditure and to generate additional non-tax revenue, it would be advantageous to develop and inter-local agreement.

B. Assign enforcement of the housing code and the matter of illegal dwelling to the fire safety inspectors. The two topics are very closely related. Illegal apartments frequently contain fire safety violations and/or health code infractions.

## THE DELIVERY OF PUBLIC WORKS SERVICES

In the introduction of this report it was mentioned that Rutherford was the first municipality visited by a review team where there had been work done to identify the costs of a service and compare that cost to market rates. Much of this work has occurred in the public works department. Nevertheless, the review team found that given the size and population of Rutherford, as well as the type of services provided by the department, the staffing is excessive. The deplorable physical condition of the public works facilities, the sick leave patterns, the length of the work week and the manner in which assignments are scheduled appear to contribute to the perceived need to have a staff this large.

**The Utilization of Public Works Personnel.** Presented below is a discussion of three of the general factors that appear to contribute to the perceived need for a large staff. A separate set of recommendations is provided regarding each of the major operational services provided by the personnel in the public works department. Overall, there are approximately 52 full time positions costing the borough at least \$2,639,500 in salaries and wages.

**1. The Public Works Facility.** The review team heard comments indicating the condition of the facility adversely affected employee morale and productivity. The team also observed difficulties that substantiated this. For example, it is unrealistic to expect a borough mechanic to be efficient when much of the work must be done while the borough's vehicle is parked at the curb of the local street. Given the working conditions the productivity and effectiveness of the mechanics is somewhat remarkable. The working conditions appear to contribute to the high ratio of mechanics to vehicles, which is more fully discussed in the second portion of the public works review.

The Borough had already identified the need for a new public works facility and had begun to address it while the review team was there. Appropriate debate and discussion was occurring regarding the need to match the new building with the services to be rendered by the municipality. **It is recommended (# 22) that the manner in which services are going to be provided be affirmed or charged, as appropriate, prior to initiating the design of the new facility.**

**It is also recommended (# 23) that the borough look into the opportunity to include some income producing space** such as a vehicle maintenance shop that can be used to maintain and repair the light vehicles of the adjacent communities, or a shop that can be leased to a private firm contracted to do all the vehicle maintenance work for the borough. **It is further recommended (# 24) that the borough provide for interior storage of seasonal equipment and vehicles.** The useful life of equipment such as a snow plow and commercial grass cutting equipment is shortened, possibly by as much as 70 percent, when it is subjected to the elements for extended periods of time.

**2. Departmental Sick Leave Patterns.** In the section addressing labor and employment policies it was noted that the use of sick leave in the public works department was excessive. The total amount of sick leave used during 1995 was equivalent to the work time for at least 2.5 full time positions. Possibly more telling than the total amount consumed were the patterns of use, or misuse.

On more than one occasion, at least twelve members of the staff utilized a sick day immediately before or immediately after a holiday. There were indications that a few of these employees made it a regular practice of extending their three day weekends into a four day holiday. There were at least 225 occasions when a sick day was used prior to or after a weekend. 22 employees had five or more incidents of a sick days occurring before or after a weekend.

Representative of this pattern was one employee who used a total of 15 sick days during the year, 12 of which occurred in increments of one day on a Friday or a Monday. Given the number of holidays that fall on a Monday or a Friday this employee only worked a full work week about 25 times during the year.

Overall, 631 sick days were used. 21 public works employees used 10 or fewer days in the year. Many of them used less than 5 days in the year. This group of employees accounted for less than 20 percent of the sick leave that was consumed. The remaining 31 employees consumed 505 sick days or an average of 16 days per employee. Within this group, six employees used 20 or more sick days. There was no significant difference in the sick leave patterns between first line supervisors and their employees.

In addition to the general recommendations presented earlier in this report, **it is recommended (# 25) the department head, administrator and governing body work together to implement one or more of the following corrective actions:**

A. Initiate petitions for disability retirements for those who appear to be unable to fulfill the duties and responsibilities for which they were hired. The few who qualify for disability retirement deserve this relief. Those who do not qualify will, in all likelihood, immediately improve their attendance record.

B. Conduct one or more training sessions outlining the permitted uses of sick leave and the requirements for providing written documentation. Consideration should be given to making information available on wellness programs and how employees can address possible substance abuse problems without fear of discipline or reprisal.

C. Thereafter, discipline all those found to be in violation of the reporting procedures as well as all those found to be malingering and/or refusing to address the causes for their absence.

D. Require written documentation for all sick leave occurring immediately prior to or after a scheduled day off .

The physical demands of most public works positions as well as the requirement to work outdoors during foul weather can lead to using more sick leave than what is used by other employees. It is for this reason that no comparison has been made to the employees of the other municipal departments. The difference in the attendance patterns between the 21 employees who used very little sick leave and the other 31 employees of the public works department is sufficient to suggest the need to address this issue.

Based upon the average daily salary and benefit cost for an employee in the public works department, the 631 days of lost work time cost the borough at least \$122,730 in unproductive wages. This total does not include any overtime that may have occurred as a result of the absenteeism. Stating the impact of this lost time differently, at least one cent of the municipal tax rate yields no return whatsoever to the taxpayers. **It is recommended (# 26) the borough establish the goal of reducing the use of sick leave in the public works department by at least 60 percent within one year.** Achieving this goal would reduce the sick leave consumption rate to an average of 5 days per employee.

**3. Daily Staffing Requirements and Scheduling.** The workload of every public works department consists of regularly scheduled services for which specific staffing requirements can be identified and special projects that generate varying personnel needs. The combination of known and unpredictable requirements can make it difficult to determine the optimal number of positions. The complexity of the dilemma can be partially reduced by scheduling the recurring services in a way that results in a consistent staffing requirement.

In the Rutherford public works department the daily staffing requirements for the regularly scheduled work ranges from a high of 46 on Wednesdays to a low of 35 on Fridays. This is a 25 percent difference. It would appear that the low staffing requirement for Friday may be a concession to the sick leave abuse problems.

Most of the variation occurs within the sanitation and special collections crews where the number of personnel needed each day ranges from 26 on Wednesday to 15 on Fridays. The variation would appear to contribute to the perceived need for approximately 52 positions. **It is recommended (# 27) the borough revise its work schedule to reduce the variation in daily staffing requirements by at least 50 percent** The review team believes this can be accomplished by reworking the days when specific services, such as the collection of white goods is scheduled. The team also it can be done without reducing or eliminating any services

**The Analysis of Operational Services.** The second part of the analysis of the public works department was a review of each service or function. Outlined below are a series of recommendations pertaining to each of them. They are in addition to the recommendations made above.

**Vehicle Maintenance.** The identified salary and benefit cost for the working foreman and three mechanics was approximately \$215,140 in 1995. The review team was unable to readily identify the amount spent on parts and lubricants because these expenditures were included in a larger budget category. Based upon a partial review of purchase orders it would appear that the amount spent on parts on supplies was approximately \$37,735. Using this estimate, the average cost to maintain a borough vehicle was approximately \$3,610 per year or approximately \$910 more than market rates.

The difficulty in identifying actual costs was reflective of the priority given to scheduled maintenance work and the perceived importance of tracking the amount spent on each vehicle. Accordingly, **it is recommended (# 28) that the borough consider:**

A. Establishing a specific account for vehicle repair parts, supplies and lubricants. This level of detail does not have to be included in the adopted budget but it is necessary to capture the information needed for effective fleet management purposes.

B. As part of the transition into a new public works facility, install a fleet management hardware and software package. This will be needed regardless of whether the service is retained in-house or it is competitively contracted. It would be preferable for this system to be compatible with the borough's budgeting and purchasing systems.

The total estimated cost for maintenance and repair of the borough's vehicles was approximately \$63,840 higher than market rates for similar work. This equates to approximately \$910 more per vehicle. The borough's ratio of repair personnel to vehicles is approximately one employee for 17 vehicles whereas industry standards for mid sized operations are one mechanic for every 23 to 25 vehicles. The existing working conditions, described above, render it impossible for the borough to meet these standards.

Nevertheless, **it is recommended (#29) that the borough establish the goal of reducing the cost of vehicle maintenance and repair by approximately \$63,800 per year by pursuing one or more of the following options:**

A. Establish a stringent scheduled maintenance program, particularly for all vehicles less than three years old.

B. Pursue a competitive contract for all vehicle maintenance services to take advantage of the market rates for wages, benefits, parts and supplies.

C. After the new public works facility is opened, reduce the vehicle maintenance staff by at least one position. This would result in a cost reduction that approaches the desired goal. It also creates a ratio of personnel to vehicles that is consistent with the identified norms.

**Street Sweeping.** Three full time positions are dedicated to street sweeping during the late winter, spring, summer and early fall. One truck supports the work of two

sweepers. As a rule of thumb the street sweepers cover the entire town about once every two weeks. Based on a total of 34.5 local street miles the sweepers cover approximately 725 miles during the 42 weeks of regular operations. Every year the crew stops their regular rounds for about ten weeks to concentrate on the annual leaf collection project. The leaf collection project adds another 245 miles onto the utilization of the two very large pieces of equipment.

If the cost of salaries, wages, benefits, vehicle repair and debt service are included, the borough spends approximately \$195,550 or \$200 per mile on street sweeping. When the costs are prorated to reflect the 42 weeks of regular operations the total expenditure drops to approximately \$157,700 but cost per mile increases to approximately \$217.50. Both measures are more than double the cost of existing contracts for street sweeping. Private contracts have been averaging between \$45 and \$90 per mile. This fee normally does not include any leaf collection work. When the most direct comparison is made the borough cost is approximately \$127.50 more than market place rates.

**It is recommended (# 30) that the borough consider one or more of the following options:**

A. Competitively contract regular street sweeping work. Based on a cost of \$90 per mile and 21 complete cycles during the 42 week period the borough's cost would be approximately \$65,205. This is \$92,495 less than the prorated cost for 42 weeks of street sweeping. Not all of this can be immediately labeled as savings. The borough would still have to have adequate personnel and equipment to complete the leaf collection project. If additional personnel are needed in the fall there is usually an ample pool of individuals available to be hired as temporary employees.

B. Competitively contract the street sweeping for the entire year. If the contractor made 26 complete cycles, which would be doubtful due to weather conditions, the annual cost would be approximately \$80,730. If a maximum of \$15,000 was spent on seasonal wages to support the leaf collection project the annual savings would be approximately \$99,820.

C. Sell the existing street sweepers and replace them with leaf vacuum units that can be mounted on existing trucks. Based upon an anticipated sales price of approximately \$37,500 per street sweeper the borough's one-time net proceeds after purchasing the vacuum units should be at least \$40,000.

**Recycling Services.** One full time position is dedicated to staffing the recycling center. Overtime is paid to other public works employees to close the facility on the regular days off for the primary staff member. The annual expense is at least \$46,000 per year.

The proposed site for the new public works facility is adjacent to the recycling center. This should eliminate the need to place one worker there at all times. Given the success of

the Borough's joint composting effort, **it is recommended (# 31) that the borough actively pursue an inter-local agreement with Carlstadt for the joint operation of a recycling center.**

**It is also recommended (# 32) that the recycling facility be designed so that it is accessible all the time without having to be staffed.** Other communities have been able to control the dumping of illegal material by design and control features such as video cameras and offset gates which restrict the "off-hour" loads to quantities or weights that can be hand carried.

Implementation of these recommendations would give the borough the opportunity to save at least \$46,000 per year in salaries, benefits and overtime costs.

**Cleaning and Maintenance of the Borough Hall and Municipal Annex.** Two full time custodians and one full time maintenance person are responsible for the upkeep and cleaning of the borough hall and the municipal annex. The exterior square area of these two facilities is approximately 40,066 square feet.

The total cost for the custodial work is approximately \$94,757 per year. The amount of interior space that is "lost" to walls, closets, etc., is at least five percent. Based on an estimate of approximately 38,062 square feet of interior space requiring cleaning, it costs the borough approximately \$2.49 per square foot to clean these facilities. Contract prices for this service range from \$.59 per square foot to \$1.25. The more expensive agreements frequently include seasonal projects such as exterior window washing and cleaning of carpets.

If the high end cost is used for the purposes of comparison, the borough is spending at least \$47,200 more than market costs for this service. **It is recommended (# 33) that one of the following alternatives be considered:**

A. Competitively bid a contract for custodial services. If this option is pursued special care will have to be taken to insure the same quality of work is provided. The borough hall is always clean and attractive.

B. Arrange for the custodial work to become the primary responsibility of the school district. The district has approximately 328,255 square feet of interior space to maintain. As such, it is likely that the district can achieve an even lower cost per square foot as a result of economies of scale regardless of whether the work is contracted or done by employees of the board of education.

If the Borough paid the Board of Education the median contract rate of \$.92 per square foot to clean the borough hall and the municipal annex the total expense would be approximately \$35,000 per year. This would reduce the municipal expense by approximately \$59,760 and provide an additional non-tax revenue for the school district.

C. Related to item “B,” arrange for all building maintenance work to become the primary responsibility of the school district. The annual maintenance cost is approximately \$60,065, or about \$.64 per square foot. The board of education has eight full time maintenance personnel on its staff.

D. Also in concert with items “B” and “C,” arrange for all lawn and field maintenance work to be completed by the borough. The borough maintains approximately 35 acres of open space while the school district has approximately three acres to maintain.

E. Insure that any new arrangement for maintenance and custodial work includes the municipal library. The library is not included in the analysis presented above. Notwithstanding the library’s semi-independent status there is no reason why maintenance and custodial services cannot be consolidated in the interest of achieving fiscal efficiencies.

**Shade Tree and Recreation Facility Maintenance.** Salaries, wages and benefits for the eight members of the shade tree crew was approximately \$507,210 in 1995. In addition to pruning and planting trees in the public rights of ways, open space and parks, this crew also does a considerable amount of sidewalk repair work. They also serve as the primary support to the three person recreation crew. The total salary and benefit cost for the 11 positions was approximately \$662,775 in 1995.

While the team could not identify any truly comparable contracts or valid unit prices for pruning, **it is recommended (# 34) that the Borough solicit bids for the major seasonal pruning work.** It should be cost effective to have the bulk of the seasonal work requiring climbing to be done through a contract while a smaller municipal crew focuses on sidewalk repair, stump removal, replanting, etc. Throughout New Jersey the electric utilities have been contracting with private sector firms for most of the pruning work along their electrical lines because they have found this to be more cost effective.

If the major pruning work could be contracted then a fully consolidated crew consisting of seven positions should be sufficient to accomplish all of the shade tree, open space and recreation maintenance work. The borough’s salary and benefit cost would be reduced by approximately \$177,682. The actual savings would be reduced by the amount of the seasonal pruning contract.

**Refuse Collection and Collection of Recycling.** It was noted in an earlier section of this report that a revision to the collection schedules could lead to a reduction in salary and benefit costs without any changes in service. Under the present arrangement the borough is paying considerably more for the collection of solid waste and bulky trash than current market rates.

The borough’s cost for solid waste pick-up is approximately \$387,493 or about \$67 per ton. If two positions were eliminated the cost per ton would be reduced to approximately

\$51.85 which is comparable with the rates charged by private collection firms. The annual savings would be approximately \$87,725

The costs that can be attributed to the collection of bulky trash totaled approximately \$107,843 or about \$96 per ton. Here again, eliminating the equivalent cost of one position would result in a cost per ton that is comparable to market rates. Potentially a the more fundamental question of just how often this type of collection must occur deserves to be addressed.

Bulk trash is normally picked up on Wednesdays, but this service is only provided for eight months of the year. Some of the crew are reassigned to leaf collection in the fall and/or the supplemental residential trash collection that occurs in the summer.

**It is recommended (# 35) that the borough consider one or more of the following options to reduce the cost of the sanitation and bulky waste collection services:**

- A. Reduce the local costs to a level commensurate with competitive market rates.
- B. Competitively contract the collection of solid waste and bulk trash. In order for any true savings to be achieved the borough's payroll must be reduced when the contractors assumes the responsibility for the collection of solid waste and bulk trash. When Rutherford contracted for the collection of commingled recyclables there was no corresponding reduction in staff.
- C. Revise the schedule for collection of bulk trash to provide a more consistent service schedule for the public and a more efficient schedule for either the borough crews or a private contractor.

The fact that practically none of the solid waste and bulk trash collection or recycling is scheduled for Fridays in order "to have a catch-up day" appears to be very inefficient. This built in inefficiency adds to the boroughs costs and the perceived need to have such a large staff.

**Management and Supervision of the Department.** Implementation of the recommendations outlined above will reduce the staffing level of the department to approximately 38 positions. In addition to improving the productivity and morale of the work crews, it is anticipated that the transition into a well designed public works facility equipped with appropriate computer hardware, wiring and software will simplify and accelerate much of the manually generated work that occurs presently.

It is also expected that the transition into a new public works facility will provide an excellent forum and opportunity to re-establish the standards of performance expected all supervisors. To ensure this occurs **it is recommended (# 36) that supervisory training be provided to all first line supervisors.**

Given the proper performance of the field supervisors, the reduced size of the department, and the anticipated improvement in administrative tasks resulting from electronic links to the borough hall, the need for the assistant superintendent position becomes questionable at best. In similar sized departments it is common for the senior foreman to act as the temporary departmental supervisor when the superintendent is on vacation. Accordingly, **it is recommended (# 37) that the position of assistant superintendent be eliminated**, as soon as the improvements outlined above are achieved. It may be necessary to retain a part time clerk at an estimated cost of \$11,500 per year resulting in a net annual savings of approximately \$56,075.

## POLICE SERVICES

It is interesting to note that the most recently reported crime statistics in Rutherford, which are below the county and state averages, occurred during a reporting period when the number of officers was lower than it was in 1989 when there were seven additional officers.

The number of police officers has apparently been a topic of discussion for quite some time. It was mentioned repeatedly to the review team by citizens, staff members and elected officials. A 1995 report by the New Jersey State Police, Uniform Crime Reporting Unit suggested there was a need for 43 sworn officers. This analysis appears to have been based on population statistics and the designation of Rutherford as an “urban center.” The most recent edition of the uniform crime report (UCR) lists Passaic, Paterson, Newark, Jersey City and other similar towns as urban centers. Rutherford is listed as an “urban suburban” municipality. The designator for Rutherford has not been changed since the annual crime statistic reports were first published.

The review team analyzed the published UCR data for all of the Bergen County municipalities. A remarkably strong correlation was identified between the data reported by New Milford Borough and the data reported by Rutherford. The biggest difference was the number of sworn officers.

### A COMPARISON OF 1995 UNIFORM CRIME REPORTING DATA

<u>Data</u>	<u>New Milford</u>	<u>Rutherford</u>
Crime Index Total	319	333
Violent Crime	17	14
Nonviolent Crime	302	319
Crime Rate/1,000	19.9	18.8
Violent Crime/1,000	1.1	.8
Nonviolent Crime/1,000	18.8	18.0
1994 Population	16,031	17,721
Area (Sq. miles)	2.2	2.6
Density	7,286.8	6,815.8
Character	Urban Suburban	Urban Suburban
Police Officers	34	41
Civilian Employees	3	6

The number of officers has been reduced since this data was reported by the Borough. There are now 38 sworn officers in the police department. This total does not include the two parking enforcement positions.

Looking beyond the uniform crime reporting data, the New Milford officers are scheduled for six work days followed by three days off. This generates approximately the same number of work hours for each officer as Rutherford’s “5-2,5-3” schedule. New Milford

does not have a major highway within its jurisdiction. Members of the Rutherford Police Department did not indicate that the presence of Routes 3 and 17 added to their workload measurably.

While the continuing reduction in crime and the analysis of Bergen County UCR data would appear to support the position of those who argue that the size of the police department can be reduced, the review team identified a factor that deserves to be addressed first. It does not appear that the Borough is making optimal use of its existing sworn officers. Until this is satisfactorily resolved, there really cannot be any meaningful conclusion to the debate over the proper size of the police department.

### **The Optimal Use of Sworn Officers**

**Dispatching.** Police officers go through considerable specialized training prior to beginning their active service. They also attend many additional training sessions throughout their career. The training and expertise they acquire is often used as an argument to justify the salaries they earn. The Borough of Rutherford - PBA collective bargaining agreement states:

**(1) No full time employee covered by this agreement shall be replaced by any non-police, part-time or other personnel.**

**(2) No post presently filled by a full time employee covered by this agreement shall be filled by any non-police, part-time or other personnel.**

The management rights clause of the same contract stipulates that the borough has the right:

**to hire all employees, subject to the provisions of law, to determine their qualifications and conditions for continued employment or assignment and to promote and transfer employees . . . .**

It is appropriate to stipulate that assignment of personnel is a fundamental right of management.

Rutherford has one full-time civilian police dispatcher on its payroll. **It is recommended (# 38) that Rutherford stop using senior police officers for the primary purpose of dispatching. It is further recommended (# 38.A) that up to four additional civilian dispatchers be hired to perform this function.** Under the present arrangement the desk commanders do most of the dispatching work. For the most part, the fact that they are restricted to the offices means that they do not really function as a shift or tour commander.

**It is recommended (# 39) that the practice of requiring the senior patrol officer to remain in the police headquarters should be eliminated.** Their presence on the road is essential to effective supervision of junior personnel. In short, a tour commander in a community the size of Rutherford should be a working supervisor.

The presence of one additional officer on the street, particularly a senior officer, for most of a shift may enable the town to eliminate up to four sworn positions through retirements, terminations, resignations or promotions. The salary and benefit cost to add four civilian dispatchers is roughly equivalent to the salary and benefit cost of two sworn positions, particularly when the average overtime compensation of the police is considered.

**Overtime Generated By Absenteeism.** The utilization of the shift commander on the road should also help the department control its overtime due to absenteeism. **It is recommended (# 40) that all formal policies and informal procedures regarding the minimum number of patrol personnel on duty be reviewed.** Between 1990 and 1995 an average of 41 percent of the department's overtime hours have been generated by a "short shift," i.e., officers absent from their primary assigned duty. The major causes of short shifts were sick leave and vacation. In 1990 replacement personnel being paid at an overtime rate cost the borough approximately \$83,387 in direct costs. This total does not include the additional hidden cost of increased PFRS payments that must be made by the borough. By 1995 the direct costs had increased to approximately \$89,836 even the overtime worked by replacement personnel decreased by 652 hours. In each of the five years analyzed overtime generated by replacement personnel was the largest part of the total overtime expense.

If the policies regarding the minimum number of personnel on duty can be modified then it would be reasonable to expect a 50 percent reduction in this "short shift" overtime. This would save the taxpayers an estimated \$44,920 in direct costs.

It is important to note that the total number of hours of overtime dropped approximately 25 percent during this five year period. Unfortunately the total direct cost increased from approximately \$135,073 to \$206,407, a 53 percent increase.

**Scheduling.** Police officers in Rutherford are scheduled to work 1,950 hours per year. This is 130 hours or 16.25 eight hour days below the standard 40 hour work week. In effect, every other "week" includes three days off because the officers are on a "5-2, 5-3" work schedule.

The work schedule is a matter of negotiation with the local collective bargaining unit. **It is recommended (# 41) that the governing body adopt the goal of (re)establishing a "5-2, 5-2" work schedule for all police officers.** The scheduling of officers could then be based upon the standard number of hours for a year. Given the current level of compensation, a strong argument can be made that this change would not warrant or justify an automatic increase in pay.

**Patrol Staffing Requirements.** Application of the “beat patrol analysis” utilized by the New Jersey Division of Criminal Justice, Law Enforcement Standards Division, indicates that under the current 5-2, 5-3 schedule 27 patrol positions are needed to maintain an effective level of patrol coverage. The borough currently has 28 patrol positions. When the 5-2 schedule is implemented the beat patrol analysis will show that only 25 patrol positions are needed. The annual salary and benefits savings resulting from the elimination of three positions due to a change in scheduling procedures would save the borough approximately \$251,604 per year.

Overall, a transition to civilian dispatching and a return to the “5-2, 5-2” schedule would enable the borough to maintain the current levels of police services and have 34 sworn officers which is commensurate with other similar communities. After the number of sworn positions is reduced and dispatchers are hired the estimated net savings is approximately \$174,000 per year. Whether these savings manifest themselves in the form of an outright budget reduction, prevention of future cost increases or they become a lost opportunity will be dependent upon the extent to which the governing body and the collective bargaining unit cooperate to keep the best interests of the taxpayer at the forefront.

**Work Generated By Outside Organizations.** The second largest cause of overtime between 1990 and 1995 was work generated by outside organizations. In 1995 this amounted to 856 hours costing at least \$44,683. The review team could not identify an audit schedule accounting for any revenues received from the organizations for these special police services. As such it is impossible to determine whether the borough is recovering all of its costs or whether the taxpayers were subsidizing this lucrative source of income for police officers.

**It is recommended (# 42) that the borough implement one or more of the following:**

- A. Establish a separate account to record the receipt of all revenues for outside police work.
- B. Insure that the amount being charged is sufficient to cover all of the taxpayers’ costs. An administrative fee of 10 to 25 percent is charged by other New Jersey municipalities.
- C. Insure that the administrative fee income is transferred to the unrestricted fund balance of the municipality on a regular basis.
- D. Review the need to use sworn officers for all outside work. It is somewhat incongruous that the two largest causes of overtime in 1995 were absenteeism and additional outside work.

## **Additional Cost Saving Opportunities**

**The Fraternization of Subordinates and Supervisors.** During 1995 the Borough of Rutherford spent in excess of \$100,000 on legal fees to address discipline, grievances and matters of PBA contract interpretation. One underlying difficulty is that the supervisors are in the same collective bargaining unit as the people they supervise. As such the application of rules and regulations as well as the method used to address infractions does not appear to be consistent. These inconsistencies as well as the early involvement of labor counsel in the disciplinary process helps to generate the high cost.

In short, the senior officer's duty to properly supervise personnel under their command is at least mitigated if not totally compromised by a common union and financial interest. **It is recommended (# 43) that either the borough and/or the supervising officers consider filing a petition with the New Jersey Public Employee Relations Commission to establish a separate collective bargaining unit for superior officers.**

**It is also recommended (# 44) that the Council adopt a procedure of approving a separate professional service agreement for each case or action to be addressed by the appointed labor counsel.** This will permit the administrator and council to effectively monitor all borough costs related to a specific case and to cap expenditures as necessary.

**Municipal Court Operations.** It is noteworthy that the Rutherford Municipal court has very few problems with delinquent payments. The relative ease with which municipal judges must grant time payments has resulted in a tremendous "account receivable" and an equally large amount of delinquent payments throughout many New Jersey municipal courts.

The limited number of delinquent fines and fees is attributable to the care taken to insure that the defendant properly qualifies for this special procedure. Defendants qualifying for time payments make a reasonable down payment and their payment schedule is not extended unnecessarily. The court staff is also aggressive in requesting bench warrants for those who do not honor their time payment agreements.

During each court session a bailiff and a detective or police officer are on duty. Given the electronic security features already in place, the presence of a bailiff, and the fact that officers are routinely in court to offer testimony, it appears to be unnecessary to have these additional police officers stationed in the court room.. **Accordingly, it is recommended (# 45) that these assignments be eliminated.**

## HUMAN, HEALTH AND SOCIAL SERVICES

**General Assistance Services.** During 1995 the case volume in the municipal welfare office ranged from a high of 39 in January to a low of 18 in October. During the year all 69 applications for assistance were approved. 50 of these applications were based upon insufficient income due to unemployment. Overall at least half of the welfare caseload has been defined as employable each month. The borough conducts a workfare program that typically operates three days per month for about 10 eligible individuals.

With the exception of one transaction there was no activity in the Public Assistance Trust Fund I during 1995. The same low level of activity existed in 1990 through 1994. The fund balance on December 31, 1995 was \$7,929. **It is recommended (# 46) the borough petition the New Jersey Department of Human Service for permission to close this fund and transfer the balance to the unrestricted fund balance.** Given the historically low levels of activity, it is highly unlikely there are any unresolved matters dating back to the old system of state reimbursements to municipalities.

Legislation adopted in 1996 gives all municipalities the option of transferring the general assistance program to the county government. Data has shown that nearly every individual eligible for general assistance is also eligible for additional forms of aid that are distributed through the county offices only. This means that most eligible welfare recipients must visit two separate offices, process two separate sets of applications and report changes in their health or employment status to two separate organizations.

Given the relatively low caseload and the temporary nature of most cases, **it is recommended (# 47) the borough adopt a local ordinance transferring all local welfare services to Bergen County.** This will give the governing body the opportunity to eliminate one position and reduce the municipal tax burden by approximately \$55,800 per year without denying any eligible recipient access to assistance, particularly since the county staff already makes bi-weekly visits to the community.

**Health Services.** The departmental staff consists of one clerical position, three public health nurses, one full time sanitary inspector and a department head/sanitary inspector. In addition to completing the required food service and health inspections, a number of medical screening clinics are offered and school nursing programs are conducted at two parochial schools and one day care center. Many of the health screening clinics are staffed by physicians who volunteer their services.

During 1995 the municipality significantly increased its grant and reimbursement revenue. The reimbursement from the state through the school nursing program increased from \$12,342 to \$37,005. Medicare also provided a partial reimbursement for the influenza shots given to senior citizens.

Local license fees have been addressed through an amendment to the local code implementing a three step increase occurring in 1996, 1997 and 1998.

Notwithstanding the excellent array of services being provided as well as the strong emphasis placed on obtaining non-tax revenue and volunteer support, the fact remains that the department is not financially self supporting. The extent to which the borough is prepared to continue to underwrite these services through the allocation of local tax revenue is clearly a matter for local consideration.

Presumably if the same level of services can be provided at a lower cost to the borough it would be in the best interest of the taxpayers to consider a change. Specifically, the salary and benefit cost of the three full time public health nurses conducting the parochial school and daycare nursing program was approximately \$138,450 in 1995. The offsetting reimbursement, identified above, was approximately 27 percent of the personnel cost. A majority of the services provided to the 600 students benefiting through this program occur during the nine month school year. The estimated cost per student was approximately \$170 per year.

**If it can be shown that the cost per student would be significantly lower if this service was provided through a contract, then it is recommended (# 48) that the borough give this serious consideration.** An important consideration in making this decision would be the productivity and benefit derived from retaining three public health nurses on staff during the summer months.

A plausible alternative that could generate a significant amount of non-tax revenue would be to cross train the public health nurses as sanitary inspectors and then form an inter-local health agency analogous to the Aberdeen-Matawan Regional Health Authority. The “down time” generated by the summer school closings could be utilized to conduct food service, restaurant and other health inspections.

**Municipal Recreation Programming.** A common focal point of a local government budget review analysis of municipal recreation services is the extent to which complete and accurate information on revenues and expenses is collected and utilized. The extent to which the program fees for any particular program must cover direct and indirect costs is clearly a policy decision to be made at the local level. At the same time, the decision to allocate tax revenue to support leisure programs utilized by a relatively small percentage of the tax paying public should be a clear and conscious public policy decision.

The information made available to the review team was insufficient to complete an analysis of the net revenues or deficits per specific program or per general type of program. As such it is impossible to report on the extent to which tax revenues are subsidizing recreation activities.

**It is recommended (# 49) that specific procedures be implemented to identify and collect the expenses and revenue data associated with each program.** It is further recommended that this data be reviewed annually to (re)assess the degree to which program fees are raised and/or tax revenues are used to subsidize a program.

An essential component of collecting the data mentioned above is a well controlled and effective purchasing procedure. The utilization of well intended volunteers and the existence of multiple programs is not sufficient reason to waive or ignore the need to solicit competitive prices and consolidate orders as much as reasonably possible. To be sure, no volunteer should be authorized to purchase or pick up materials from any vendor nor should they be allowed to independently select the items to be purchased.

With the possible exception of a municipal library, recreation departments tend to have the largest number of part-time, seasonal employees and contracted services. **It is recommended (# 50) that special care be taken to insure that summer and part-time job openings are widely publicized** and that every potential applicant has an equal opportunity to apply and be considered for any position for which they are qualified.

**Municipal Library Services.** In an earlier section of this report the suggestion is made that the borough and the school district work together to lower the costs of custodial and maintenance services. It was also suggested that the library be included in this arrangement.

The relative autonomy of the library board and the library budget does not mean the organization must conduct all of its operations independently, particularly where there is the possibility of a reducing operating costs.

The opportunities for consolidation and cooperation go far beyond custodial and maintenance services. **It is recommended (# 51) that the library board actively pursue one or more of the following with the borough and/or the board of education:**

A. A consolidated banking service bid. Here again, the fact that the library maintains separate banks accounts and is accountable to both the state library board and the borough council does not mean that they cannot seek potential market advantages through a consolidated bid.

B. Consolidated purchasing services. Under most circumstances the timing of purchases and the selection of the actual items to be bought rests with a department head. Given this, it should not hamper the library board's autonomy or delay the processing of purchase requests.

C. Consolidated payroll processing. The encumbrance for salaries, wages and benefits can readily be charged to different budget accounts. This is already done for all of the other departments of the borough.

Implementation of one or more of the recommendations outlined above should provide the opportunity to reduce the number of full time staff without reducing the services being provided. **It is also recommended (# 52) that the library develop a plan for the number of hours that are to be scheduled for part time personnel.** The number of part time personnel has increased significantly over the last three years. It also appeared

that the number of hours worked by part time personnel also increased although there has not been a significant change in the library's hours of operation.

During the course of the field work the team was told that a consultant has been retained by the library board for the purpose of assessing the utilization of space and equipment. The physical lay-out of some sections of the library appear to adversely impact on the ability to make optimal use of staff. There are circumstances where visual site lines, routes of ingress and egress, and security are such that additional staff must be on duty. If it is not already being done, **it is recommended (# 53) that consideration be given eliminating or reducing the physical factors that appear to contribute to the staffing requirements of the library.**

Finally, team heard the concern expressed that the library is not always open on the days that the public schools are closed. Given the importance of the student clientele, **it is recommended (# 54) that the library board review its annual calendar and the hours of operation with the board of education.** Given the service orientation of every public library it would clearly benefit the public to make the library available on some or all of these days.

## ADMINISTRATIVE SUPPORT SERVICES

### Tax Collections

The borough maintains an excellent tax collection rate which leads to comparatively little work related to the collection of delinquent taxes and foreclosures. The ratio of staffing to tax lines is slightly above the norm found in other municipalities that have participated in the review process, however reducing the staffing to one full time position is not reasonable.

A greater concern was the lag in depositing tax payments that had been received by mail. The review team observed a shopping cart nearly full of mail that appeared to go untouched for much longer than the two days required by law to deposit all revenues. Presumably the preponderance of mail received in the tax office is payments. The lost interest income could not be estimated but it is reasonable to suggest that it was significant.

There is always an ebb and flow to the volume of work in the tax collection office. During the week immediately preceding and following a tax payment deadline **it is recommended (# 55) that a clerk from another office be temporarily assigned to the tax office for a few hours per day.**

### Property Values

The introduction noted both a steady decline in the size of the tax base and the fact that the decline does not appear to have stopped yet. The number of tax appeals heard before the county board of taxation has declined from a high of 323 cases in 1993 to 146 cases in 1996, but there are still several major cases pending before the New Jersey tax courts. There were approximately 30 cases pending at the time of our review.

Some of these cases have a compounding impact because they are addressing assessed valuations dating back to 1992. The assessed value of the properties in question is at least \$21,152,300. This total does not include appeals from three condominium complexes where the value of each unit can be different. Nevertheless, the total is nearly two percent of the total assessed value in 1995. If the net result of all of these cases was a ten percent reduction in value the town would lose another \$2,115,230 from its tax base. It would also have to reimburse the plaintiffs at least \$54,784 plus interest for each year in which the value of a property was adjusted. This total, which is conservative, does not include a \$1,730,000 judgment against the borough resulting from one major case.

Since nearly all of Rutherford is fully developed the ability to offset the impact of tax appeals with additions to the tax base is practically nil. The pressure to minimize expenses and maximize non-tax revenues to offset the decline in the size of the tax base is quite likely to continue for several more years.

A review of the minutes of council meetings indicated there had been discussion of reducing the position of assessor from its current full-time format to a part-time position. If this to be reconsidered **it is recommended (# 56) that the council make any reduction in work hours contingent upon a comparable reduction in compensation.** An alternative would be to pursue the consolidation of the assessment function with another town such as Lyndhurst. When a consolidation occurs state law requires that tenured personnel be retained on staff at their present level of compensation. As a result, there is no immediate cost savings. The opportunity to generate savings occurs when the position is vacated and a new appointment is made.

### **Budget Patterns and Cost Drivers**

The impact of the financial pressure resulting from tax appeals and the reduction in the size of the tax base has not been lost on the borough. Between 1991 and 1995 the borough increased its local non-tax revenue by approximately 20 percent. The largest improvement was in the interest income earned on behalf of the taxpayers. Overall, revenues increased 18 percent.

The two largest cost drivers for the borough during the same five year period were the cost of police salaries and the cost of health benefits for all employees. Between 1991 and 1995 aggregate police salaries increased 26 percent as compared to the two percent increase that occurred in the aggregate total of all other salaries and wages. The aggregate increases represent the net impact of salary adjustments and reductions in the size of the staff. The cost of employee health benefits also increased approximately 26 percent.

### **Financial Administration**

All aspects of the financial administration of the Borough of Rutherford are well organized. The internal controls in place reflected this. Many of the opportunities for cost savings or revenue enhancements identified in other municipalities have already been implemented in Rutherford.

**Audit Schedules.** As part of the analysis of the police department overtime it was suggested that a separate schedule be prepared summarizing the revenue and expenses resulting from the “outside organization” work. At a minimum the schedule should include all revenues received, payments or reimbursements to the payroll fund, accounts receivable and funds available for transfer to the unrestricted fund balance of the municipality.

It is suggested that an audit schedule be prepared showing the revenues and expenses for the benefits being provided to all retirees.

**Review and Approval of Purchase Orders.** The Finance Officer must sign every purchase order indicating that funds are available to pay for the product or service being ordered. This “approval” means nothing other than a certification of the availability of funds. It is not, nor should it be construed as an endorsement of the need to make the purchase. That authority to make this judgment rests with the borough administrator.

**It is recommended (# 57) that the responsibility for the management and supervision of the processing of purchase orders be formally transferred to the borough administrator.** To be sure, there is an excellent working relationship between the office of the administrator and the finance office. The proposed change will further strengthen the borough’s internal controls and clarify the proper role and authority of each the staff members.

The routing of purchase orders and the authority to approve or disapprove a purchase request should follow the same chain of command. Barring special circumstances the Finance Officer does not supervise nor is he responsible for the actions of the municipal departments. This responsibility clearly rests with the administrator.

The proposed modification to the purchasing procedures will not affect the workload of the personnel working in the Finance Office, nor should it hamper the ability of the departments to obtain the goods and services they need in a timely manner. In fact, the review team found the number of positions allocated to processing purchase orders was higher than what has been found in other municipalities. One clerical position should be sufficient. This is predicated upon the expectation that department heads are responsible for obtaining the required price quotes and providing all of the information need to complete a purchase order.

Notwithstanding the final approval by the administrator and the fiscal certification by the finance officer, each department head must be responsible for ensuring that the best possible prices are obtained and that the proposed purchase falls within the parameters of the approved budget.

**Future Options.** Transferring the formal responsibility for purchasing to the borough administrator will position the borough so that it can pursue significant savings on behalf of the taxpayers. During all the field work the review teams for the borough and the board of education were repeatedly impressed with the rapport and respect that existed between the two agencies. There are few if any visual suggestions of the difference in the function and missions of the two governments in the same office building . This is clearly an asset that is unique.

Specific recommendations have been made in previous sections of this report that can lead to greater fiscal efficiencies for operational support services such as maintenance and custodial work. **It is recommended (# 58) that Rutherford build upon the existing sense of cooperation to pursue consolidation and/or cooperative agreements for all of the administrative support services** such as payroll processing, benefits administration,

insurance and risk management, printing and copying, formal bidding, selected professional service appointments, and processing of purchase order and payment authorizations.

It can be argued that for the most part, each of these functions is unnecessarily duplicated in the borough and the board of education. The proposed arrangement is used successfully in a number of other states and it is being seriously considered by New Jersey communities determined to minimize the cost of government.

The differences in procedures between the municipality and the school district is less than what may actually be perceived. The decision of whether to proceed and how to proceed is absolutely a local decision. Indeed the depth, breadth and phases of a consolidation plan is also a local decision. Nevertheless, the municipal and school municipal teams believe the following represents a reasonable list of possibilities.

A. Annual appointment of the auditing firm. The difference in auditing regulations and audit formats or the difference in the fiscal years will not present a problem. Most public auditing firms already have a combination of municipal and school district clients. Some have separate contracts for two agencies in the same town. The economy of scale generated by a consolidated request for proposals should attract some attractive responses.

B. Consolidation of payroll processing. In the borough there is only one individual fully trained to process the municipal payroll. Were it not for the dedication of this individual, who has an exemplary attendance record and who arranges vacation time around payroll dates, the borough would have a serious problem.

C. Consolidated benefits administration. Differences in the benefit packages of collective bargaining units already exist today. This should not be a deterrent to the consolidation of this function.

D. Appointment of Labor Counsel. In one sense the individuals representing management in contract negotiations for the municipality and the school district are the spokesmen for the taxpayers. This is because salary and benefits costs are the largest part of each budget. While each collective bargaining agreement must stand on its own, there is nothing to prevent a community from presenting a consistent, if not unified approach to its bargaining strategies. Even if the municipal governing body and the board of education developed different strategies, the economy of scale should be sufficient to attract outstanding proposals from firms having personnel who specialize in labor policy and procedures, negotiations, litigation and the adjudication of grievances

E. Cooperative competitive bidding. The statutory requirements for preparing, announcing and processing bids are not significantly different between a municipality and a school district. The material contained in every bid packet profiling the product or service to be bid is often drafted by the department that is making the purchase. This would not

change. Possibilities for cooperative bidding include, but are not limited to: (1) printing and publishing, (2) administrative supplies, (3) computer hardware and software, (4) unit prices bids for unscheduled repair work, (5) codification and policy manuals, (6) capital equipment purchases, and (7) banking services. Given the impending deregulation of natural gas and electricity it will be in the best interest of both governments to maximize their buying power for these utilities.

## SECTION THREE

### POTENTIAL STATE REFORM

#### **Police Overtime Resulting from Municipal Court Cases**

In every municipal review completed to date, the police overtime expense resulting from court appearances has been significant. The total cost of police salaries and wages dedicated to court appearances is actually much greater because officers do appear in court while they are on their regular shift.

While offering testimony is a standard part of police work and it is a vital component for the prosecution of alleged violations, the fact remains that the defendant is either causing a significant overtime expense for the taxpayers or limiting the availability of these officers to be of service to the public.

When a municipal court judge assesses a fine against those who plead guilty “court costs” to be added to the amount owed. The cost of police salaries and wages and overtime expenses resulting from court appearances is not included in the computation of the amount to be charged as court costs. **It is recommended (# 59) that the definition of authorized court costs be revised to include the direct personnel cost for the officers’ court time.** Notwithstanding the fact that the Rutherford Court is routinely scheduled at a time that spans two of the three police shifts, in 1995 there were approximately 363 hours of overtime that cost the taxpayers approximately \$18,950.

## **LOCAL GOVERNMENT BUDGET REVIEW**

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